

§ 301-11.632

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§ 301-11.632 How should we compute the employee's ITRA?

You should follow the procedures prescribed for the relocation income tax allowance, see §§ 302-11.7, 302-11.8 and the appropriate RIT tax table(s) located at www.gsa.gov/ftrbulletin or as illustrated in § 301-11.535.

[64 FR 32815, June 18, 1999, as amended by FTR Amdt. 2008-04, 73 FR 35953, June 25, 2008]

§ 301-11.633 Are tax penalty and interest payments reimbursable?

No. The reimbursement of penalty and/or interest payments assessed by the IRS is limited by law to tax years 1993 and 1994 only.

§ 301-11.634 What tax tables should we use to calculate the amount of allowable reimbursement?

The tax tables for the year the tax was incurred are to be used.

§ 301-11.635 How should we calculate the ITRA?

Use the documents prescribed in § 301-11.631 to calculate the ITRA as follows:

(a) Determine Federal, State and local marginal tax rates by using the procedures and the marginal tax tables established for the relocation income tax allowance in §§ 302-11.7, 302-11.8 and the appropriate RIT tax table(s) located at www.gsa.gov/ftrbulletin, or

(b) As calculated in the following illustration.

Example of calculating an employee's tax return using the marginal tax rate schedules in the state RIT tax table(s) located at www.gsa.gov/ftrbulletin:

FOR TAX YEAR 1995 AND THEREAFTER [MARRIED FILING JOINT RETURN]

	Original	Recalculated
1. Adjusted Gross Income (w/ travel reimbursement):	\$75,246	\$75,246
2. Subtract travel reimbursement:		(15,482)
3. Subtract personal exemptions and itemized or standard deductions	(12,689)	(12,689)
4. Adjusted taxable income	62,557	47,075
5. Tax liability on adjusted taxable income:		
a. Federal (28%)	17,516	*7,061
b. State, VA (5.75% tax bracket)	3,597	(15%) 2,707
c. Local: Not applicable	0	0
d. Total	21,113	9,768
6. Difference of total of column 1 minus total of column 2: Additional Taxes Incurred due to travel reimbursement—\$11,345		
Total = ITRA—\$11,345**		

*Adjusted taxable income places employee in lower tax bracket.

**The ITRA reimbursement is taxable income for the year in which paid at the appropriate Federal, State and local income tax rates.

[64 FR 32815, June 18, 1999, as amended by FTR Amdt. 2008-04, 73 FR 35953, June 25, 2008]

§ 301-11.636 Is the ITRA reimbursement considered to be income to the employee?

Yes. The ITRA reimbursement is considered taxable income in the year paid and is subject to tax withholding as any other income.

§ 301-11.637 Are income taxes to be withheld from the ITRA?

Yes, as determined by your internal tax withholding procedures established

for your agency pursuant to IRS procedures.

§ 301-11.638 May we offer a lump sum payment to cover the income tax liability on the covered ITRA?

Yes, if the employee mutually agrees in writing to the lump sum payment and understands that he/she is responsible for any income taxes without further reimbursement. See the illustration in § 301-11.627.